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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/26/06

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Prime Minister's schedule, Oct. 25

NIHON KEIZAI (Page 2) (Full)
October 26, 2006

08:31

Attended a meeting of the Education Revitalization Council at

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Kantei.

09:52

Met Deputy Chief Cabinet Secretary Matoba.

11:00

Met Vice Foreign Minister Yachi. Later met Tokyo Governor Ishihara.

14:02

Met Kansai Keizai Doyukai members, including President Shunzo Morishita. Followed by Special Advisor Koike.

17:28

Met former Foreign Minister Machimura.

19:04

Dined at a French restaurant in the Akasaka Prince Hotel with cabinet ministers.

21:15

Returned to his private residence.

4) Prime Minister Abe: I feel like I've been in office one year even though today marks one month since my administration was inaugurated

TOKYO SHIMBUN (Page 2) (Full)
October 26, 2006

Asked by reporters last night about his impression of serving in office one month today, Prime Minister Shinzo Abe responded: "I felt like it has been one year. There are many domestic and diplomatic issues, but I was able to start working on most of those that I had promised the public." He stressed that his government had made a fairly good start.

As specific achievements, Abe cited his first overseas trips, saying, "I visited China and South Korea with a policy of attaching importance to Asia. I was able to make a fresh start (by successfully repairing relations with both countries)."

At a hotel last night, Abe gave a party in recognition of his cabinet members' services. At the party, Finance Minister Koji Omi tried to flatter him, saying, "While former Prime Minister Junichiro Koizumi was in office, cabinet members got too nervous to speak their views. I'm glad that we feel comfortable to speak to you." Defense Agency Director General Fumio Kyuma, however, requested Abe:

"The number of times administrative vice ministers have visited you is less than that under the previous prime minister. I want you to make opportunities to hear views directly from the top administrators of government agencies. "

5) Abe administration set to face Fukushima, Okinawa gubernatorial races following victories in by-elections

TOKYO SHIMBUN (Page 2) (Abridged slightly)
October 26, 2006

In the wake of the Liberal Democratic Party's victories in the two Lower House by-elections held on Oct. 22, election campaigns for the

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Fukushima and Okinawa gubernatorial races will kick off on Oct. 26 and Nov. 2, respectively. In the races, the ruling coalition and the opposition camp will clash head on, as the major opposition Minshuto (Democratic Party of Japan) will not jointly support candidates endorsed by the ruling parties. The Abe administration will provide national-level assistance so as not to offset its victories in the by-elections.

LDP Secretary General Hidenao Nakagawa is scheduled today to stump for the LDP candidate running in the Fukushima gubernatorial race and return to Tokyo to attend a rally for the party's Okinawa candidate in the evening.

Reflecting the Abe administration's extraordinary enthusiasm, the government and the ruling coalition are considering sending Prime Minister Shinzo Abe to the two prefectures to stump for the LDP candidates.

Although the Abe-led LDP won the Kanagawa and Osaka by-elections on Oct. 22, they had been vacated by the deaths of LDP lawmakers in the first place.

LDP members have now begun voicing calm views. One said: "It was a given that we would win the by-elections. We must buckle down and make steady efforts for the Upper House election next summer."

In Fukushima, a former Minshuto Upper House member will face off with the LDP candidate, and in Okinawa, opposition parties will field a unified candidate against the LDP. "The environments surrounding both races seem severer than those of the by-elections," Nakagawa said.

The government and the ruling coalition are already under fire in Okinawa due to the Futenma Air Station relocation issue, the toughest challenge in US force realignment.

Minshuto envisions an all-out battle with the ruling coalition in Okinawa, with party head Ichiro Ozawa saying, "Okinawa is vital in every respect, including the international situation and Japan-US relations."

The two gubernatorial races are important as a prelude to a series of local elections leading up to the Upper House election next summer. The pattern of the ruling coalition squaring off with the opposition camp has already been set up for the Aichi gubernatorial race and the Kitakyushu mayoral race next February.

Should Minshuto win either the Fukushima or Okinawa race, the largest opposition party is certain to gain momentum and become even more confrontational. Tense days await the Abe administration even after the by-elections.

6) Former Prime Minister Koizumi still enjoys popularity; No interest in controlling government from behind the scenes

NIHON KEIZAI (Page 2) (Full)
October 26, 2006

Former Prime Minister Junichiro Koizumi has been living easy since he stepped down from office one month ago. He freely travels back and forth between his lodging in the parliamentarians' compound and his private residence in Yokosuka City, Kanagawa Prefecture. He has

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shown no interest in controlling the government from behind the scene. He appears to be devoting more time to enjoy listening to music, one of his hobbies, being freed from the high tensions of spending five and a half years in office.

He called at the secretary general's room of the Liberal Democratic Party (LDP) in the Diet building immediately after a plenary session of the House of Representatives on Oct. 24. In the room, he met former Secretary General Tsutomu Takebe and Taku Yamasaki. He told them: "I will not take part in local elections because I don't want to intervene in local administration." Yamasaki then said to him, "Let's drink together next time!" He replied, "Well, I will see about it."

Koizumi is now a member of the Lower House Committee on Discipline. He has attended Lower House plenary sessions, but he has not shown up for LDP division meetings. He has declared, "I will not appear on TV talk shows for the time being. I will not respond to any interviews." A source familiar with his office stressed that Koizumi needed to recharge his batteries, noting, "He has neither held meetings with politicians nor anyone else."

However, Koizumi remains popular among the public. The book "I'm Koizumi Junichiro," containing his mail magazines issued while he was in office, has sold 40,000 copies so far from Oct. 18 when it was put on sale. When he went to Kanagawa and Osaka to give speeches for the LDP candidates for the Lower House by-elections, he received cheers from enormous audiences.

7) Reinstatement of postal rebels in LDP; Opposing move, "Koizumi children" to consider submitting opinion paper at plenary meeting today

MAINICHI (Page 5) (Full)
October 26, 2006

The Liberal Democratic Party (LDP) leadership has begun undertaking coordination on the issue of allowing lawmakers who voted against the postal privatization bill to rejoin the party. In this connection, it was learned that lawmakers who were elected for the first time in last year's Lower House election are considering submitting an opinion paper seeking a cautious approach. Their move has presumably been prompted partly by former Prime Minister Koizumi's opposition to their reinstatement. The group of 83 freshman lawmakers will hold a plenary meeting today and confer on the issue.

Lower House member Jiro Ono (representing the South Kanto Proportional Representation District), who served as secretary (from the National Policy Agency) to Koizumi, is spearheading the move. Ono and some others intend to release an opinion paper calling for a cautious approach to the idea of allowing postal rebels to rejoin the party and seek support from members. They intend to eventually collect supporters' signatures and submit the paper to the party leadership. Opposition is especially strong among the rookie lawmakers, the so-called "Koizumi children" who ran against postal rebels as "assassins" but were defeated and then reinstated in proportional representation districts. Some members of the Group of 83 are cautious about submitting such a paper, which could give rise to a confrontation with the leadership. However, Koizumi's statement to former Secretary General Tsutomu Takebe on his cautious stance toward the reinstatement of postal rebels at an early date has

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prompted their move to submit the opinion paper.

Former Vice LDP President Taku Yamasaki during yesterday's plenary meeting of his faction expressed concern that the reinstatement issue could develop into an intraparty standoff. New Komeito head Akihiro Ota during yesterday's press conference also noted, "The New Komeito supported freshman lawmakers who were dispatched as assassins. We must give detailed explanations to their supporters. The LDP is accountable for its decision."

8) Bill punishing conspiracy carried over to the next Diet session

or after; "It will be even more difficult to enact it next year," ruling camp says, envisioning Upper House elections

ASAHI (Page 4) (Excerpts)
October 26, 2006

Miako Ichikawa, Shigeo Tosa

A vote on the bill amending the Law on Organized Crime, including conspiracy, was again carried over to the next Diet session or after. Members from the ruling parties of the Lower House Committee on Judicial Affairs who had been engaged in creating the amendment had shown their enthusiasm, saying that they aimed to enact the bill during the current Diet session, but they were unable to make the Prime Minister's Official Residence (Kantei) and the ruling coalition leadership, which give the highest priority to revising the Basic Education Law, change their mind. Concerned lawmakers and relevant ministries and agencies predict that it will be even more difficult to enact the bill in next year's ordinary Diet session, given that the Upper House elections are approaching.

On Oct. 5, the ruling coalition leadership approved five bills, including the one amending the Basic Education Law and the one upgrading the Defense Agency, as priority bills for enactment during the current Diet session. The five bills do not include the bill relating to conspiracy. Already at this point, the conspiracy bill was very likely to follow the same path as it had followed to date since 2003, namely that the bill was killed at one point and then once again put on agenda and discussed.

Nonetheless, lawmakers of the ruling coalition who are members of the committee and the Ministry of Justice and the Ministry of Foreign Affairs did not give up on the idea of enacting the he conspiracy bill during the current Diet session. Committee member Tadataka Hayakawa of the Liberal Democratic Party (LDP), who is a lawyer, and others continued working on the bill so as to make it the "sixth important bill." Compared to the government-sponsored bill, the bill they worked out narrowed the scope of activities subject to conspiracy. Their aim was to show their willingness to compromise with the opposition camp, even though it may be difficult to get approval from the opposition Democratic Party of Japan (Minshuto), which is stepping up its offensive against the ruling parties.

9) New Komeito leader Ota in speech urges Prime Abe to move toward center course rather than stay on the right

AKAHATA (Page 4) (Full)
October 26, 2006

In his speech delivered yesterday at the Japan National Press Club,

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New Komeito Chief Representative Akihiro Ota said: "The nation's fundamental issues should be discussed on mid-field. If all such issues are discussed on right field, we will not be able to obtain broad public support." He urged Prime Minister Abe, who is regarded as being a hawk politically, to aim at a middle-of-the-road policy in the LDP-New Komeito coalition government.

Asked about the fact that Abe has refrained from speaking his views on the history issue since he assumed the prime ministership, Ota supported Abe, saying, "Mr. Abe has made remarks appropriate for the LDP president and prime minister."

Regarding the question of whether Japan should debate a nuclear option, he criticized LDP Policy Research Council Chairman Shoichi Nakagawa and Foreign Minister Taro Aso, arguing:

"Both LDP policy chief Nakagawa and Foreign Minister Aso have the tendency of making provocative remarks. Japan is not a situation where responsible persons can say that Japan should study a nuclear option."

10) New Komeito chief criticizes nuclear remarks by Foreign Minister Aso

New Komeito head Akihiro Ota during a speech given yesterday at the Japan National Press Club criticized statements made by Liberal Democratic Party Policy Research Council Shoichi Nakagawa and Foreign Minister Taro Aso regarding Japan possessing nuclear arms: "They sometimes make provocative statements, but it is not the case that anybody is free to study such an issue. When the government is taking the position of not allowing the nuclear test by North Korea, harboring such an idea in order to counter that nation is not good."

11) Debate on whether to debate nuclear option still heated; Foreign Minister Aso calls for "allowing debate"; JDA Director-General Kyuma stresses "nuclear disarmament"; Opposition parties criticize cabinet for "discord"

Debate on whether Japan should debate a nuclear option, fueled by North Korea's nuclear test, has intensified. Foreign Minister Taro Aso yesterday again stated that he wanted to see such debate allowed, but Defense Agency (JDA) Director-General Fumio Kyuma, who is dismissive of having debate in itself, insisted on stressing "nuclear disarmament." Meanwhile, the opposition parties, which are strengthening their offensive against the cabinet, described the cabinet as "not being united."

At a meeting of the Lower House Committee on Foreign Affairs, Aso made it clear that the government's position was to firmly uphold the three nonnuclear principles, noting: "Putting a stop to even the move for conducting a debate, including a discussion of why (Japan) won't go nuclear, is akin to suppressing freedom of speech." "Given North Korea's nuclear possession," he continued, "the situation in Far Eastern Asia has changed completely. Despite such a country located next door to Japan, do you think it is not a problem even

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though Japan cannot do anything about it?"

On the other hand, Kyuma stated in a speech at the Foreign Correspondents Club of Japan: "If nuclear weapons serve as a deterrent and thereby other countries give up the idea of possessing nuclear weapons, that would be good, but conversely, such a move could fuel a nuclear arms race. I'd like every nuclear power to scrap their nuclear arsenals in the future." Asked by a foreign reporter about a contradiction of his argument that he is calling for nuclear disarmament while Japan remains under the US' nuclear umbrella, Kyuma answered: "Yes, there is a contradiction indeed, but even though a neighboring country has nuclear weapons, Japan won't possess them. In the event of an attack, Japan has to depend on the United States as a deterrent."

The opposition Democratic Party of Japan's (Minshuto) Policy Research Council Chairman Takeaki Matsumoto criticized the government at a press conference yesterday: "It's out of the question for responsible members of the government to debate whether Japan should possess nuclear weapons." Minshuto's position is, "Debate in itself on such a matter would send a wrong message," according to its Secretary General Yukio Hatoyama. The party, which wants to bring "discord in the cabinet" to the forefront, intends to call for intensive deliberations on the nuclear row at the Lower House Budget Committee.

Even in the ruling parties, the debate is intensifying. The "Forum of Traditions and Creativity," a group composed of one-term lawmakers of the Liberal Democratic Party (LDP) headed by Tomomi Inada, yesterday decided to hold a study meeting next month and invite LDP Policy Research Council Chairman Shoichi Nakagawa, who triggered the debate on nuclear option, to the meeting to give a lecture. This decision reflects the Forum's thinking, as one senior member said, that: "It's no good to suppress debate. We want to hear Mr. Nakagawa's way of thinking." Meanwhile, Prime Minister Shinzo

Abe reiterated his previous view to reporters late yesterday: "We firmly uphold the three nonnuclear principles. No debate on them will take place in my government."

12) Diet deliberations to kick off this month on 'Defense Ministry' bill

ASAHI (Page 2) (Abridged)
October 26, 2006

The Diet will enter into deliberations this month on a government-introduced package of bills upgrading the Defense Agency to the status of a ministry, as a result of negotiations between the ruling and opposition parties yesterday. The Diet will hear the government's explanation of the legislative measures and will hold interpellations in a plenary session of the House of Representatives tomorrow at the earliest. The government and ruling parties prioritize the legislation as well as a bill revising the Basic Education Law, aiming to get it through the Diet during its current session. The Diet will now deliberate for the first time upgrading the Defense Agency, which has seen numerous ups and downs over the past decade.

The legislative measures include a bill revising the Defense Agency Establishment Law to reconfigure the Defense Agency into a ministry and a bill revising the Self-Defense Forces Law to task the SDF with overseas activities as a fundamental mission and not an incidental

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one. The bills were introduced to the Diet in its previous ordinary session, but the Diet forewent deliberations on the bills partly because it was just after the Defense Facilities Administration Agency's bid-rigging scandal was brought to light. However, the New Komeito, the ruling Liberal Democratic Party's coalition partner, wants the legislation passed during the current Diet session so as to avoid possible repercussions on next year's simultaneous local elections and House of Councillors election, so the ruling coalition will go ahead with Diet deliberations on the legislation.

13) Civic group opposed to relocation of carrier-based air wing to Iwakuni collects signatures from more than 60% of local population

AKAHATA (Page 4) (Excerpts)
October 26, 2006

Seven members of the Association to Keep the Sky over Oshima Quiet, a group against the planned relocation of a carrier-based air wing to the US Marine Corps' Iwakuni Air Base, Yamaguchi Prefecture, submitted a petition yesterday calling on Suooshima Town Mayor Fujio Nakamoto and Chairman Niiyama to ask the central and prefectural governments to suspend the relocation plan.

The group, composed of residents in Suooshima Town, collected signatures from 13,130 local residents, more than 60% of the population, for the petition calling for suspending the relocation plan.

Group Chairman Hiroshi Kawai commented: "We collected signatures from more than 60% of the population, showing that a majority of the citizens are opposed to the plan. The mayor said that he pays respect to the will of the citizens, so association members need to fully discuss how the will of the local citizens should be represented."

14) Basic plan to extend MSDF mission in Indian Ocean approved

SANKEI (Page 5) (Full)
October 26, 2006

The Liberal Democratic Party (LDP) yesterday held a national defense-related joint meeting at the party headquarters. Participants in the meeting approved a basic plan to extend the Maritime Self-Defense Force's mission in the Indian Sea, which the government is expected to adopt once a bill amending the Anti-Terrorism Special Measures Law obtains Diet approval, by another six months. Since the amendment bill intended to extend the

term of the law by another year is expected to be enacted in the Diet session as early as within this week, the government will adopt the basic plan that sets the date for the end of the dispatch at May 1 next year possibly on Oct. 30 and report the decision to the Diet.

15) Japan to wait and see what US does before starting ship inspections

YOMIURI (Page 2) (Full)
October 26, 2006

Following up the United Nations Security Council's North Korea sanctions resolution, Japan plans to implement ship inspections and support US forces in the rear. The government, however, will

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cautiously wait and see about when to go ahead. That is because the United States has yet to decide on what to do. The government will prepare to take action under the Law Concerning Measures to Ensure Japan's Peace and Security in the Event of Situations in Areas Surrounding Japan or the so-called "regional contingency security law" in order to cooperate with US forces. At the same time, the government will strongly pressure North Korea with Japan's own sanctions.

In response to the UNSC resolution, Japan and the United States are now intensively keeping tabs on ships to and from North Korea and boosting their activities under the proliferation security initiative (PSI). However, the US government has yet to complete interdepartmental coordination between the State Department and the Defense Department, according to Japanese government officials.

In the United States, the ruling Republican Party is now on the defensive, with the Nov. 7 mid-term elections ahead. The United States is therefore expected to take full-fledged action after the elections.

Defense Agency Director General Kyuma, in his speech delivered yesterday in Tokyo, indicated his view, saying, "The United States probably not yet decided on having its warships carry out ship inspections on the high seas."

16) Japan to reach conclusion soon on North Korea's nuke test:
Kyuma

YOMIURI (Page 2) (Full)
October 26, 2006

Defense Agency Director General Kyuma, speaking yesterday before the Foreign Correspondents' Club of Japan in Tokyo, referred to North Korea's recent nuclear test and indicated that the government would shortly make a finding of fact about the nuclear test, as the US government has now concluded that North Korea conducted a nuclear test. "Based not only on the United States' judgment but also on other countries' judgments, I think the Japanese government will also reach a conclusion soon," Kyuma said. As grounds for determining whether it was a nuclear test, Kyuma said the United States detected (nuclear) substances, though the amounts were slight. In addition, he said the explosion would have required too great an amount of conventional explosives, and that the seismic waves picked up were indicative of a nuclear test.

In this connection, Prime Minister Abe told reporters yesterday at his office, "I think the possibility is very high, but we have to analyze and check it further."

17) US undecided on high-sea inspections: Kyuma

ASAHI (Page 4) (Full)
October 26, 2006

Defense Agency Director General Kyuma, speaking yesterday before the Foreign Correspondents' Club of Japan in Tokyo, referred to cargo inspections incorporated in the United Nations Security Council's North Korea sanctions resolution and remarked as follows: "I wonder

what the United States itself is thinking to do about ship inspections and how far. I think the United States has not gone so far as to make up its mind to use warships for inspections on the

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high seas."

18) Deputy Chief Cabinet Secretary Shimomura mentions a review of "Kono statement" on comfort women

ASAHI (Page 4) (Full)
October 26, 2006

Deputy Chief Cabinet Secretary Hakubun Shimomura yesterday gave a speech in Tokyo, in which he referred to "Chief Cabinet Secretary Kono's statement" admitting to the military authority's involvement in the comfort women issue and "enforcement." Saying this was his personal view, Shimomura said there is a need to review the so-called Kono statement, saying, "I think we should examine facts more carefully and take more time to collect objective and scientific knowledge when we think of the issue."

Asked if Prime Minister Abe's historical views have changed from the ones he previously had, Shimomura stressed: "It's only natural for the prime minister to change his views from when he stated as a lawmaker. This change does not mean the prime minister has bent his views or that he is sitting on the fence." "Rather than accepting 100% as is the Kono statement and the so-called Murayama Statement (in which Murayama admitted to Japan's colonial rule and aggression and offered an apology), the prime minister has given replies based on the position he holds," Shimomura added.

19) Keidanren to accompany prime minister to Vietnam in mid-November

NIHON KEIZAI (Page 9) (Full)
October 26, 2006

The Japan Business Federation (Nihon Keidanren) decided yesterday to dispatch a delegation headed by Chairman Fujio Mitarai (Canon chairman) to Vietnam in conjunction with the planned official visit to that nation by Prime Minister Shinzo Abe in mid-November. The business organization made the decision in response to a request from the prime minister. This will be the first case for Keidanren to send a delegation in concert with an overseas trip by the prime minister. In European countries, the government and companies work together to strengthen relations with specific countries. Japan's economic diplomacy will take a step closer to the European type.

Prime Minister Abe is scheduled to officially visit Vietnam to attend the Asia-Pacific Economic Cooperation (APEC) forum in Hanoi on Nov. 18-19 and stay there until Nov. 20. Keidanren is planning to dispatch its delegation composed of executives from a dozen companies operating in Vietnam. Arrangements will be made to have delegates attend a meeting between the prime minister and major Vietnamese cabinet members, as well as a banquet to be held for the Japanese prime minister.

The Vietnamese economy has been sharply growing owing to the Doi Moi policy introducing a market economy, and that nation will soon join the World Trade Organization (WTO). Keidanren is willing to offer indirect support for the negotiations to start next year between Japan and Vietnam with the aim of concluding an economic partnership agreement (EPA).

20) METI starts reviewing plan to reach targets under Kyoto Protocol, given slow progress in CO2 cuts

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ASAHI (Page 9) (Excerpts)
October 26, 2006

The Ministry of Economy, Trade and Industry (METI) started yesterday

the review of the current plan to reach the nation's targets for greenhouse gas emissions under the Kyoto Protocol. Japan is required to cut its emissions from 1990 levels by 6% between 2008 and 2012 but it has seen the volume of gas emissions increasing each year. The global environment subcommittee under the Industrial Structure Council, an advisory panel to the METI minister, will discuss over the coming one and a half years if additional measures are necessary and what targets should be set for new industries.

Greenhouse gas emissions in FY2005 (quick estimation announced by the Environment Ministry) increased 9.1% over 1990 levels. A plan adopted in a cabinet meeting in April of last year presented 8.6% as the target for emission cuts below 1990 levels for industries, including plants, between 2008 and 2012, and 6% for the entire nation. Under the current situation, however, it is difficult to reach these targets.

SCHIEFFER